

ESSC PUBLIC PARTICIPATION MEETING  
**FORSYTH**  
Tuesday, January 8, 2008

**Rob Stephens**, Range Telephone, stated, "The install costs cannot be right from us. We must have submitted it incorrectly. I will get updated numbers." Mike Boyer told him that he had talked to Allen Weatherall. They will get back to Mike. They will also look at cost differentials.

**Senator Lane Larson**, District 22, commented that he was disappointed in the scoring; he thought Forsyth would score considerably higher. He had heard about the project, thought about Forsyth, and felt it would be a better choice than Miles City. "On the real property issue, Forsyth didn't do too badly. This is heads and shoulders above other sites. Security is good. Most important is the small town atmosphere; if there are strangers around, everyone knows. The infrastructure in this area is fairly new, from around the mid-80's. Range Telephone is a leader in the state as far as technological changes. Economic development is low on this end of the charts by virtue of the size of the community." Senator Larson thinks the state would get the best bang for their buck in Forsyth and the project would help this community more than Miles City or Billings where this project would just be a blip on their development screen. "Forsyth is ahead in that area and this project would do us tremendous good. If we could get good construction, we could get a spin off from this project; we need to bring that into these communities. We can hopefully get some of these costs down. This is a fantastic site and we're very interested," stated Senator Larson, adding that he will do what he can to promote Forsyth.

**Rob Stephens**, Range Telephone, said he will look at those numbers for installation. "We'll address that and will get new numbers, which will help the points (in scoring)." Rob asked why the Billings area does not have transport costs. Mike Boyer explained that is not right, that he was talking about the RFP for \$350,000 a year for Billings' costs. The differential between sites was shown on the next slide.

**Darrell Grogan**, First State Bank, spoke about the economic benefits, stating that Forsyth did a great deal of infrastructure with the boom in Colstrip and Air Force housing. Darrell stated, "We've maintained essential services where you can access anything in this community – car wash, accounting, banks, health care, many different services available. Railroad and mining were relied upon in the past, now we're diversifying and this project would help with that and with leadership into another direction. We want to become more vibrant and stay strong as we look forward. Housing has been talked about. Over the last few years, Forsyth has built 10 or more new housing units because of demand. Increases of new businesses, the railroad, Range Telephone, mining in Colstrip, have brought the housing market higher. New construction is very viable and resale is good. We have maintained all of our service organizations (Lions, etc.) and each new enterprise, each new business adds to the diversity and vibrancy of the community. We've got what it takes."

**Brad Matteson**, Mayor, City of Forsyth, spoke of the east-west power grid and wondered why Billings is being considered. Mike replied, "As we look at infrastructure, we want multiple substations so more than one place is not threatened with being put out of business. We put in our own generators to bring up power in the event power is disrupted. It's a factor and is measured. Those that have the better resources of power have the advantage." Mr. Matteson stated that Allen Weatherall had told him that the state's computer programming is through Montana VisionNet and it ends in Forsyth. Mike explained that VisionNet, being able to connect in, has been a provider for some time. With the new RFP, they were not a bidder, but would be a subcontractor. Essentially we have an inter-connect situation – whether part of "MAIN" connectivity capability, so all points within state can communicate with one another. While one carrier (VisionNet) goes only so far, others can interconnect with them. This will be reflected within the costs. Brad commented, "We're at this side of the grid and we're at the end of VisionNet."

**Arvin Post**, who helped coordinate this project and tonight's meeting, wondered if the changes that having this system were to bring to Forsyth would facilitate technologies bringing in doing a server or whether that capacity is already here. Is there anything going to change that bringing in this system will facilitate? Right Now Technologies, is that capacity already built in? Will this sell Forsyth to Right Now Technologies?"

**Rob Stephens** shared that the big thing is Right Now Technologies. "Our investment in Forsyth is growing, putting fiber out in the country," stated Mr. Stephens. "Our 5 year plan is to put in new soft switches; Right Now uses digital switches, new form of hardware to get more capacity to give better service like Billings. We will have all the capability as Billings. We want rural areas to have the same advantages. With that in mind, this is the first step in marketing and selling Forsyth to a larger world. We have capacity that we are not capitalizing on. Thank you for considering us. We need to look at other things, whether or not we get this project."

**Leonard Goldman** shared, "We have a second power source, things to consider – more employees, tremendous school system, faith community, doctor, community as a whole is a plus."

**Dave Shreew**, Superintendent of Schools, Forsyth, pointed out, "We can sell one thing that Billings can't - involvement. Per capita, more people will attend our meetings; we're here for the long run. We have great schools, a great infrastructure, the Interstate and railroad are here, Range Telephone is here. Economically, this will help our community; it's nothing in Billings. It will undoubtedly add jobs to Range Telephone and different areas around the city. Helping just 2 or 3 families makes a difference here."

**Ginger Roll**, Rosebud County Public Health, works closely with the State of Montana. She stated, "I am fully aware that not only do we need to consider what this does for us, but what we can do for the state, and how we can help them. This is vital to the decision maker. Senator Larson recognizes that the more people the state helps, the more people support state business, the more willing they are to pay taxes, the more willing they are to work with legislators. Sometimes on the eastern side of the state, Helena can be a four-letter word. We need to remember that only three places are being looked at and we are one of them. But we need to keep in mind that there are bigger things than what it does in Forsyth. We have to ask, 'What can we do for you (the state)?'"

**Bob Martell**, City Council and Business Manager of the school, gave an update on the issue with this site: "There are questions about the title on the deed of the site. Most people are aware that there is a clause that the property shall be used for housing and recreation. Senators Tester and Baucus will intercede with the Air Force to see if this data center will be considered proper use of the property. Economically, more housing units would not be feasible. The Council felt it would be appropriate, that it would be supportive of that process, that the land behind the barracks would not be incompatible with the mission of this project. This item will be on the next agenda so we can follow up."

**Jennifer Anderson**, County Extension Agent, spoke about Project Horizons, stating, "Horizons is a community development project started in Forsyth along with 20 other communities 1 ½ years ago. Arvin Post is a member of the steering committee. We've been sitting on it until now. We do need this grid ... will never show our heart and our ability to mobilize, to look at our community. We stand out because we are learning to come together and work on projects for the betterment of our community. Economic development is one thing we want to see improvement on. We would bend over backwards to make this work because we want it. It is a huge opportunity for us. Put your trust in us and we can do the job. How many people are affiliated with Horizons? Lots of us."

**Joe Wilson**, owner of the Best Western Sundowner, a Custer County organization recognized for tours and promotions in southeastern Montana, shared, "One thing Forsyth has to offer as far as perspective employees, we are the place where people come for outdoor recreation. Our population base surges during hunting season from Bozeman, Billings, Helena, etc. We have a very good golf course and have

tournaments that draw people from Wyoming. If all these people are doing the outdoor activities, we'd be a good base for employees coming for this."

**Jim Atchison**, Director of SEMDC, stated, "Thanks for the opportunity for Forsyth. We need this project for a positive economic impact in our rural areas. Two jobs in Billings equals at least 30 in Forsyth. We are able and willing to make a go of it. Eastern Montana is the best kept secret."

**Andre' Philbreck** shared, "Forsyth has another population, our suburbs, which are scattered. Ranching is supportive of telecommunication. We all have computers; we are doing business not only in this area, but elsewhere. I know a guy who is renting box cars and barges and has flipped into telecommunication. Rosebud Creek already has a suburb called Rosebud Creek Estates. We are the place to live. Our life is Forsyth and we are a part of it."

**John Laney**, Executive Director of Miles City Chamber of Commerce, spoke to the people of Forsyth, stating, "Of course we want this center in Miles City, but if we don't get it, I sure hope Forsyth does. We advertise in this area and I want you to know that we do not want to become the big brother. We want to help you and we hope you can help us. If you need help, give us a call. You put together a great proposal and you have stood your ground and you should applaud yourselves."

**Linda Wolff-Bensen** spoke about security in Forsyth, saying, "I can tell you seriously, try having lunch with someone you are not married to and it gets back to everyone before you get home. We look out for one another, our elderly; we watch what's going on in our community. This is not so in bigger towns. There is great security here. We wouldn't even let the Helena project team in this building until the person with proper authority arrived. We are very protective; people love their place where they live. Your neighbors are watching your back."

**Chuck Evans**, newcomer transplant from the western part of the state, addressed that this would be good for our kids, saying, "When we get new things coming into town, our kids might stick around for awhile. Usually they go to college and leave town. Lots of them go to Billings. I'd like to see some of them stay here. We want our kids to be around and this may be an opportunity for younger people."

**Carol Raymond**, Rosebud DES Coordinator, brought to everyone's attention that there has never been an earthquake in Forsyth, while Helena is right on a fault. Another asset for Forsyth is that it is out of the floodplain. "We have some natural resources that are pretty good," stated Carol. Mike Boyer pointed out that sites in the intermountain seismic zone were not considered.

We're working with a FEMA grant to help fund some of this, based on seismic category and being out of a risk area.

**Senator Lane Larson** shared that writing letters is very effective and he encouraged everyone to write or email Senator Baucus and Senator Tester to help speed up the property issue.

**Lynn Tompkins** spoke about the favorable weather in Miles City, saying, "Coming from the west, it hits Billings and goes to Hysham and north or south; then it (nicer weather) comes together and hits Miles City."

**Shan Kuntz**, State Farm agent and new community member shared, "This community has been very welcoming, has great schools, health facilities. My point is to say I'm a member and we would welcome the state."

Someone asked Mike if it would be helpful to know in terms of numbers how many people are in support of this project or not. Approximately 75 people were in attendance and there was unanimous support from the community of Forsyth.

**Leonard Colvin** brought to everyone's attention the broad spectrum of people represented in the room – agriculture, city and county government, schools, banks, retirees, new residents, long-timers. Everyone is in support of this project.

**Gil Fennern**, First State Bank, shared that Forsyth is a great place to live. He echoes all of the comments made, stating, "This is a great town and good people."

**Doug Roberts**, newcomer, 7<sup>th</sup> year in Forsyth. For over 50 years, Doug drove by Forsyth on the Interstate. He said, "It's a gorgeous place to live. Great churches, great school system because of the people who work there and the kids. It's a great place for your company to come to. We're not a rip off society; you get us as we are and you get 110% back."

**Kate Berton**, Editor of the Independent Press, was there covering the story, but she also wanted to speak in support of the community. She felt that bringing the project to Forsyth would make more of a difference than it would to Miles City or Billings. Touching on security issues, Kate shared a story about a UPS package sitting outside a business to keep the contents cool. She shared that a package would most likely not be safe if left sitting outside in either Billings or Miles City.

Mike Boyer: Thanks for making effort to come out and sharing your thoughts as we go through this process. We are looking forward to updates from Range; will keep in touch through Senator Larson and the website. We welcome all comments.

ESSC PUBLIC PARTICIPATION MEETING  
**MILES CITY**  
Wednesday, January 09, 2008

**Kelly Seegel** stated, "Governor Schweitzer came to Miles City and promised us economic development for eastern Montana. I, for one, am really tired of eastern Montana including Billings. They say it's included when it's convenient for them and when it's not, they're part of southcentral Montana. We need this data center here in Miles City."

**Representative Dave Kasten**, House District 30, felt that people should know that Miles City is not in his district, even though he represents the largest district in the state of Montana, but he supports the site being located here. Representative Kasten is also Chairman of the Long Range Planning Committee, where these information technology projects come for funding. He pointed out that some of his figures have changed since the subcommittee meeting in Helena on December 12. Last session when the request for information technology came before his committee, HB14 included over \$24 million for this project for the ESSC based in Helena and the remote center, including office space. When he looked at these large requests, he asked the Legislative Fiscal Division to compile all the budget requests for information technology, ongoing and new requests, and they totaled a staggering \$175,308,000 to run state government. When that happened, they tabled HB14 and introduced HB830. The session was contentious and ended up in special session with \$10 million. "This site is to provide enhanced security in disaster recovery capabilities for the state's primary computer facility and the scoring was very close between Miles City and Forsyth. However, I feel that there are only two qualified communities that applied – Miles City and Forsyth. I don't, for safety, security, and location reasons, feel that Billings, Montana qualifies," Representative Kasten stated. Anyone who knows him, knows that he always looks at costs. "On capital costs, Miles City won hands down. Miles City and Forsyth's recurring costs are close." He always looks at revenues, stating, "Eastern Montana produces 72.8% of gas and oil revenues, 100% of coal production, 94.4% of oil production. Yes, I'm sold on a remote center in eastern Montana. Do you people know where our present backup is? It's Sungard Recovery Services in Philadelphia, Pennsylvania, that's our backup right now. Regarding recurring costs, the question is, who can tell me that these costs won't dramatically be reduced after the Helena center is up and running and we are truly a backup in 2009? I've been in this process since the beginning. Unless there's something I am not aware of, the location for a safe and secure remote center is Miles City."

**John Laney**, Chamber of Commerce, and project point man to the Miles City data center task force, shared, "All of these people here are eastern Montanans and they will be after the site is selected. Why am I pointing this out? Because eastern Montana does not include Billings. Billings is in the infamous "boot". We don't pick and choose our geographic locations as it benefits us. We live outside the boot and we realize we have to work hard for what we get. The majority of these people here are my bosses, they are Chamber members. They deserve the fairest assessment of this site possible." He promised them he would work hard for this project to the betterment of Miles City.

Mr. Laney brought forth the following points: It is a 250-mile drive from Helena. The state's current backup system is in Philadelphia. Eliminating the mileage would eliminate this factor. The police and fire score was adjusted and we also have a good Sheriff's Dept. Security scores are not acceptable. There is a civil infrastructure risk in Billings with two major refineries within 15 miles of their site. Indirectly, if something happens, there would be no coverage because things would be catastrophic. Logan International Airport is the largest airport in the state. If anything happens there, it would be catastrophic, too. "Regarding infrastructure for service, Miles City is one of only 5 cities in the continental US that has the capacity of matching the west and midwest power grids. The power grid issue is a big selling point to the Legislature and in the last session, that came up quite a bit. It is ludicrous to compare a link between two major power grids and multiple substations, the problem being that if there is no power going in, it doesn't matter how many times you sub it out, nothing comes out. Therefore, Billings needs to forfeit those 70 points. Economic development – we feel this will open

several doors for us. We can't discount what it will do with our corporate partner in this proposal, Mid-Rivers. Mid-Rivers is the only in-state provider in the running for this project. Last year Mid-Rivers paid state property tax and Custer County property tax and all of its operating budget will be used in eastern Montana. This money comes to eastern Montana, not to a Denver or New York corporate office. This is worth preference points. Capital costs – my concern is the cost of land in Billings and cost of building a facility that will blend in with the existing and future structures on the Transtech site. A gentleman from A&E was here in August and took an instant liking to the Pine Hills site because of ease of designing a secure building to blend in with the environment. Recurring costs comparison – Mid-Rivers was able to substantially reduce their cost. Final score reads Billings 59,820 points, Miles City 57,835 points, leaving a differential of only 985 points. Mr. Laney added, "We knew cost of building this facility in Miles City would be more because we're farther away, but don't discount the benefits of Miles City by a mere 2% of your scoring criteria. Benjamin Franklin came up with a decision system based on pros and cons. He listed his criteria, added up the list and made his decision. You (the state) need to do that, too. The first criteria used for this remote center was that the site was to be built in eastern Montana. Billings is not in eastern Montana. The 2nd criteria was security. Forsyth, Billings and Helena are on the western grid. That leaves only Miles City on the eastern grid."

**Joe Whalen**, Mayor of Miles City – On behalf of the citizens, Mayor Whalen welcomed the project team to Miles City. "I'd like to speak to two primary issues – the two great divides: the perceived cultural divide between western Montana and eastern Montana, and the digital divide between rural America and our more urban counterparts, particularly in the western part of Montana. Help our community bridge these two divides by placing the new ESSC site in Miles City," he said. "What is the definition of eastern Montana? The Billings Gazette posed that question across the state and there are differing answers, i.e., eastern Montana begins with the downward slope of the Northern Rockies, or it's at the beginning of the Continental Divide, or there are those who would take a line at the geographic epicenter and draw a straight line down the middle of the state, and those that believe the line would be just east of Billings. Since Governor Schweitzer stated that he wants the new ESSC center in eastern Montana and his own Department of Commerce has described that area as beyond the "boot" in Montana, we'll use that definition. What constitutes eastern Montana? First, eastern Montana is identified by its rural nature, about the size of Minnesota, with population of less than 265,000 people. We refer to land by section rather than by acre. These people who have populated this area, have grown interdependent economically, socially and politically, and when there is a job to be done, there is a great deal of teamwork and cooperation, and has established the traditional society in eastern Montana. Because it's rural in nature, it tends to be a lower cost place to live, roughly 52% of the cost of Billings living. It's relatively secure because of its sparse population. Crime is low in Miles City. Public safety is a very high priority. The Police Department is fully staffed; Fire & Rescue is considered a model across the state. Miles City has a stable population. We are resourceful; that goes back to interdependency and a spirit of cooperation that extends across social, political and economic relationships. The people are the hardest working, with an emphasis on team work. Miles City is geographically separate from Helena, which I understand is the entire point of creating a remote center to begin with."

"Regarding the digital divide, in 1996 the Department of Commerce, under the Clinton administration, issued a report entitled 'The Emerging Digital Economy'. The focus was to acknowledge that the digital economy will increasingly become part of the growing prosperity of our nation and it recognized that there are differences in terms of access to technology between the wealthy/poor, black/white, rural/urban and identified strategies which ultimately became policy in our country to combat the decline in economic growth in the disadvantaged areas and rural America was one of those. A concern to us is the \$2.2 billion program that provided Internet access and low cost PCs to schools so we could keep up with this emerging technology. Mayor Whalen pointed out that a great deal of emphasis and money was invested in rural utilities development program, and the telephone and electric co-ops throughout the country were heavily invested in improving the infrastructure in terms of fiber expansion in the Northern Tier states, from Chicago to Seattle. He stated, "One example of success is Mid Rivers Communications, based in Circle, with an operations center in Miles City. It serves thousands with

telecommunication services including broadband. This speaks of success in investment of rural development communication. Missing is recognition from our urban neighbors that we have this additional fiber capacity into our rural areas. We need to take the leap to locate significant business ventures here, where we have all this fiber capacity, that are rooted in broadband and high speed Internet. Miles City is the most courteous and resourceful community I have lived in. It has been in hot pursuit of this data center since 2006. These are fair-minded people who believe in a square deal, good for both sides. We hope we have demonstrated this in our proposal. We want to make it easy for the Governor to do what he stated he would do, which is to place this data center in eastern Montana. On behalf of the good people of Miles City, I am asking you to send us the Eastern Montana Enterprise Systems Services Center. Please don't mistake our kindness for weakness."

**Jack Regan**, Superintendent of Schools for Miles City School District, and on the Economic Development Council – Over the years, Mr. Regan has found that any professional people (hospital, banks, etc.) visit Miles City and ask what the school system is like. Miles City has a very comprehensive K-12 system that is well supported by its citizens. Longevity of teachers is high. They have a very good working relationship with the community college. He asked that we be aware that the Community College meets the needs of the community, pointing out that their community college can adapt to your needs better than a 4-year college. The hospital and clinic have said that the deciding factor in coming to Miles City was the education system. "If you bring highly qualified people to Miles City, we have a strong educational system to support that. We would do what is necessary to support that," stated Mr. Regan.

**Mike Coryell**, Executive Director of the Miles City Economic Development Council and loan officer for a southeastern development corporation in Colstrip, both non-profit organizations – "Miles City, along with Forsyth, represents eastern Montana, that which is not part of the "boot", which represents southcentral, southwestern and western Montana. We feel strongly about the "boot", stated Mr. Coryell, who has been a Montana resident for 24 years. "Employees for this backup center will find out that they are welcomed and treated well. Over the past months, this community has worked hard to put together a proposal per your requirement and submit it on time. I am impressed with all the people who have stepped forward, including over 25 businesses and Mid-Rivers and people outside Miles City. Their diligence and tenacity have demonstrated how much we want this center in Miles City. Over the past several days, we've seen three front-page headline articles about this center, indicating how important it is to us to have this center located here. We believed the Governor when he said in a newspaper article on December 22nd, 'I am going to ask the Legislature to build two separate buildings on two different ends of the state, and I am going to ask for Miles City to be one of them.'"

Mr. Coryell continued, "We have worked hard to accommodate all of the needs of this center and we have more than adequately shown that we can provide excellent service. Miles City is the central hub of southeastern Montana and we are a loyal and hardworking community. Positive economic development provides hope, stability, services and encouragement to not only Miles City residents, but to smaller communities throughout this part of the state. In addition, Mid-Rivers is a Montana-based communications company, solid and well-established, who pays state property taxes. Just construction alone will bring potential financial benefits to Miles City. The vast majority of Billings won't even know if the center is placed there. The State Legislature, as well as the Governor, emphasized that one of the responsibilities and priorities of the state is helping economic development in eastern Montana. Placing the center here is a clear step in supporting that promise. It might not bring a lot of jobs (2-6), but it is everything to Miles City. We cherish the opportunity to add one family, one business to our communities throughout eastern Montana. The data backup center will provide encouragement to our community, especially in the fact that the state has the confidence in our abilities to provide important services to them. Even if one business comes here because of that facility, that is important to us. See the services we have to offer along with the college that accommodates the needs of eastern Montana and would accommodate the state's high tech data backup center; our positive business climate, the dedicated people. This is important economically to our community. Also, we are in a different seismic zone; Billings is in a higher risk zone. Miles City is completely outside that." Mr. Coryell thanked the

state for the opportunity and willingness to come to Miles City to talk to them and said he looked forward to working with us on this project in forward months.

**Gerry Anderson**, General Manager of Mid-Rivers Communications, told everyone that tonight's proceedings are being taped and will air on the Mid-Rivers channel. Public comment is important to the process. As the backup center gains perspective, it is important not only in the reality of the site location, but the process of category measuring, weighting and scoring. Mid-Rivers is on record with their concern that the current scoring process gives an unfair advantage to the Billings site. The process we have seen to date must be changed to the extent that not only are all sites treated fairly, but everyone involved is left with the impression that it has been a fair process. Mid-Rivers has submitted information to the State Administration Department on two occasions with regard to the pricing of telecommunications circuits from Miles City to Helena. The first was in direct response to the request of the Administration Department. The second was to clarify and update previously submitted cost estimates due to new information received from State Administration Department employees. The second submission resulted in Miles City receiving an additional 10,000 points for recurring costs.

However, Mid-Rivers continues to question your determination of recurring cost differentials in the site analysis document, as well as the overall scoring methodology. Scoring seems to disadvantage Miles City, with insufficient weight given to the categories of security and economic development, and inadequate scores awarded in real property and other categories. The State should make available for all interested parties, information detailing how the scoring criteria were determined and the scores arrived at, how the public interest in each community will be weighted and incorporated, how the site will finally be chosen, and who ultimately will make that final decision. As the scores stand, it seems the decision has been predetermined. The process has been unclear and should be more clearly defined to show the interested parties that the scoring procedure has been fair and the decision not predetermined. The Department's original concept for the remote data center in eastern Montana was based on the provision of "operational capacity, redundant facilities to support critical services, accelerated backup processes and enhanced disaster recovery capabilities". However, the security category was weighted at only half that of the capital cost differential. Speaking to security, Miles City would have the benefit of diversity on Mid-Rivers' fiber network route between Miles City and Billings, and the local fiber facility providing service to the building. Mid-Rivers has diverse fiber routes from Miles City to Billings, with a full fiber ring configuration. Services on the Mid-Rivers network will be provided using state-of-the-art Gigabit Ethernet transport facilities on our fiber ring with self-healing redundancy. I challenge anyone in the state to meet that capability.

Mid-Rivers will offer the local loop connection via diverse fiber cable routes with separate cable sheaths from separate network directions to the data center location in Miles City. The fiber cables providing services to the data center would connect to separate network fibers that provide service to Miles City from different directions on the Mid-Rivers fiber ring network, resulting in diverse routes from the network fiber on the local loop distribution fiber routes to the proposed location. I don't believe you can't get better security for this data center or any data center. Mid-Rivers further offers to extend the fiber facilities to the data center at no additional cost and guarantees the availability of one 10 GB and two separate 2.5 GB circuits as requested by the State. That's a big deal for Mid-Rivers. We are certainly involved with Miles City, but from a Mid-Rivers' business standpoint, this is a one-of-a-kind opportunity.

Mid-Rivers provided telecommunications switching and transport services for the U.S. military network for over 30 years, which required the highest level of security and continuity of service. There are parallels between that service and this center. You need a rural site for this center for security. The threats during the Cold War were the same as today's terrorism threats. We have provided service to the Defense Dept. without a hiccup for 30 years. We have also offered high speed data services in eastern Montana and Miles City, with speeds ranging up to 10 MB. Next year we will have available 20 MB. We provide those services that are needed and wanted. We have a 24/7 technical support center where you can talk to a live person anytime. All Mid-Rivers network sites are protected by battery



back-up and most sites, including all of those on the fiber ring, will also have standby generator protection. Mid-Rivers is confident that we can provide this the security and redundancy required for the data center through our extensive fiber ring network and state-of-the-art self-healing fiber ring Gigabit Ethernet transport facilities.”

Mr. Anderson continued, “To even categorize Billings among those eligible as eastern Montana data center sites seems to be a stretch. Both geographically and economically, Billings is much closer to central Montana than to the widely recognized 17-county Eastern Montana Region, and is recognized as part of Montana’s booming “boot” region. Locating this data center in Miles City, where the people need the jobs, welcome the development, and can clearly demonstrate their ability to support such a facility seems to be a clear opportunity for this administration to prove the point that there is serious interest in making a tangible contribution to the development of eastern Montana. We are confident that the state will do the right thing by deciding to locate the Eastern Montana Enterprise Systems Services Center in Miles City. We would appreciate this opportunity.”

There are multiple telecommunications carriers and networks available in Miles City in addition to Mid-Rivers - Qwest, Sprint, AT&T, others. We question why telecommunications costs have such a heavy weight if the provision of these services would go to bid and the lowest cost bidder was selected as the circuit provider. There are also advantages to the perceived limit of providers in Miles City that include the fact that Mid-Rivers is a local Montana company, any state money spent here will stay here. Providers in Billings will be funneled to an out-of-state headquarters. Locating the center in Miles City will offset any additional transmission costs associated with bringing the circuits the extra distance from Billings. This may seem like a financial hurdle at first, but these miles should be seen as a positive factor from both a security and economic development perspective. The efficiencies gained by regionalizing the state’s network in an eastern Montana aggregation point will offset much of the cost of bringing the current connection the extra miles. We hope those making the final decision have a clear understanding of how much this project means to Miles City. It means more than to Billings. It means the difference between a thriving regional information technology center with good paying jobs and a rural community losing its youth and businesses. Look past Billings being the only viable option. You have an opportunity to do the right thing. Select Miles City.”

**Representative Bill McChesney**, House District 40 Miles City, stated, “When I listened to the State Legislative hearing testimony provided for the eastern Montana data center and a lot of emphasis was put on security, I was somewhat chagrined when this initial analysis came out and security received such a low weight. I applaud the Department of Administration for their focus on fiscal responsibility. As a taxpayer, we expect it and demand it. But there is grave concern when the mantra of fiscal responsibility becomes the rationale for penalizing communities in Montana for being too far from Helena. We focus on bottom-line costs and fail to meet our responsibility as a state agency to rural Montana because there is a cost differential between Billings and Miles City. Every citizen has the right to start on an even playing field. I encourage a broader perspective regarding recurring costs. I encourage you to keep in mind that there is somewhere around \$450,000 being spent on data backup for a Pennsylvania company. There would never be a rate increase as a result of building the data center in Miles City. Any rate summary should reflect that there will be no rate increase as a result of placing the center in eastern Montana. After the testimony, Dick Clark and I went to the Governor’s Office and spoke with his Chief of Staff about the eastern Montana data center, and the words were (not an exact quote), ‘Not only hell, but hell no, that it’s not going to be built in Billings; it’s going to be built in eastern Montana.’ Eastern Montana is not Billings; it begins in the neighborhood of Pompey’s Pillar. Representative Kasten talked about the tremendous contribution that eastern Montana makes to the economy of this state and how little it receives back. It’s time for payback.”

**Shelly Weight**, Dean of Affairs, Miles Community College – worked with Jack Regan and Mid-Rivers and other businesses. Miles Community College appreciates the points given for customized training to our business community. “Our size and structure as a community college allows us to be very nimble in meeting the needs of our region,” she stated. “We are also consistently reviewing and

revising our regular programs which include information technology to meet the needs of our community, region and state, and will continue to do this and work with you to place the data center in Miles City."

**Nick Haag**, Montana Dakota Utilities and member of the local economic development group. In talking about power grids, he has been working with the power industry for the past 32 years. Mr. Haag stated that Miles City has a unique situation in where it is situated. "If you're talking risk or security of power, if something happened in Helena or in the rest of the state west of here, our lights would stay on," he stated. "We can also switch the feed to the other side in the event of a catastrophe. Miles City has the ability of a gas-fired combustion turbine that would come on in seconds or minutes of an outage that would serve Miles City and that is important. I want to stress the importance of these grids to security and risk factors."

**Gary Matthews**, Custer County Commissioner, stated that the Department of Administration has a tough decision to make. He disagrees with the recurring costs and the 40,000 points that Miles City got dinged. He thinks the ongoing cost to the State of Montana of \$450,000 needs to be changed. "It gripes me more than anything; 80 points for Billings and they were taken away from us. The highway goes both ways and it still has another 105 miles to get to the North Dakota border," he said. When he originally heard about this project, the big issue was eastern Montana's security. Commissioner Matthews shared that Miles City does straddle the power grids, but nothing was scored for earthquakes. He went on to say, "On November 27<sup>th</sup>, there was a 5.1 earthquake in Sweetgrass County. Look where it is and where the tremor happened. We like Mid-Rivers in this part of the country. They are a great partner. Taxes paid by Mid-Rivers are taxes protested by Qwest in Custer County. The mission statement of the Department of Administration's IT division is customer service, teamwork, innovation, leadership and people development. Number 1 on the mission statement is integrity. It says, 'We hold ourselves to the highest professional and ethical standards. We believe in engaging in honest communication and showing respect for others. We do our jobs with integrity and are committed to doing the right thing.' Please review Miles City's proposal again and correct the mistakes in the scoring criteria."

**Robin Gerber**, citizen, born and raised in Miles City, said that she is the first generation of her family to get a college degree and she wanted to live here, stating, "Everyone lives here because they choose to, not because they have to. They are willing to give up a lot to live in a little town at the edge of nowhere. Something like this (project) means so much to us. Where you see a couple of jobs in Billings, we see opportunity. Is it easier to put this facility in Billings? Yes. Is it better to put this facility in Billings? No. Is it right to put this facility in Billings? I don't think so, and we're ready to fight for it. We've come a long ways and we are ready to join the digital age in the 21<sup>st</sup> century and maintain what makes us unique. I hope you will reconsider any decision that you may be making. We are glad to have you here."

**Eric Brandt**, small business owner, owns a computer company in Miles City and supports IT in eastern Montana. He shared, "We live in a world where we have to fight the dichotomy of technology and human beings. We are not here to serve our technology, we are here to serve human beings. We have decided to serve human beings and our vehicle for service is IT. A handful of people make big decisions for our community. You need to realize that there are hundreds of us out here that are seemingly insignificant. We have good programs in Miles City and I am part of the team to build new and improved IT curriculum to serve eastern Montana. Our programmers are cheaper to train. Mid-Rivers is a local company that speaks English and supports our community. Qwest cost my small business \$40,000. Aspects to consider are the economic extremities of this project to Miles City. We all work together. Kids from rural school systems perform much higher. Those people get great educations and then don't come back home. We have created people who go on to greater things. I would like to see you make an investment in eastern Montana. Historically, we've paid higher percentage in taxes per capita. We've been investing in western Montana for many years. I think it's time for western Montana to invest in eastern Montana and rural Montana, where there is a high quality

of family values and human value. We're talking about people. Our business has worked closely with the college to build a breeding ground for training employees. We'd like to see this data center as an attraction where they can get real world experience, like to see those "nerds" infiltrate our community and increase the technical capacity for our small businesses. Our small businesses need those IT resources, those efficiencies more than big companies. We can't provide them because we don't have enough people. We need some balance in the investment going from one side of the state to the other."

**Jim Atchison**, Executive Director of the Southeastern Montana Development Corporation (SEMDC), a regional non-profit economic group that does what it can to keep or create jobs in the counties of Custer, Rosebud, Powder River and Treasure. He stated, "There is a real need for a positive economic impact in rural areas, especially outside the "boot". Two jobs in Billings or inside the boot equals at least 25 direct or indirect jobs in Miles City. I assure you that Miles City is able and willing to take on this project in partnership with the State of Montana. If Montana is truly the last best place for positive quality of life issues, then eastern Montana is certainly the best kept secret in the last best place. In advance, I'd like to thank you for bringing this project to Miles City."

**Tony Ackerman**, Councilman for Ward 3 and provides contract data and IT services for the city of Miles City and Custer County. "When this project first hit the radar out here, I was asked by the county commissioners and the previous economic development officer to assist in some technical aspects of this project. In the course of those discussions, we reached a decision that a task force be developed to help organize our effort. I want to show who the people are, present tonight:

Economic Development Council – Mike Coryell, Jim Atchison, Kent Williams  
City of Miles City – Mayor Joe Whalen; City Planner, John Marks; Bruce Larson and Al Kelm from the City of Operations Office and Water Treatment Facility  
County Commissioners - Jack Nesbit, Gary Matthews, Milo Huber  
Miles City Chamber of Commerce – John Laney  
Our industry partners from Mid-Rivers - Gerry Anderson and team  
MDU – Mike, Nick, Steve  
One key person who has been instrumental in this effort – Representative McChesney

"This was our task force to work towards this goal. Tonight we see the passion and results of this effort. This is an example of our community, industry and governmental leaders banding together to work toward a common goal for our community. I thank you for your continuing and untiring efforts," said Mr. Ackerman. "I'd like to point out that Mr. Boyer, Mr. Krings, Ms. Sturm have been here to provide us with this opportunity and their mere presence here is an affirmation that Helena has not forgotten that we are not an independent state, that eastern Montana is still a part of the state of Montana. We want this project in Miles City. It's evident by our turnout, our passion, and our speakers that we believe we offer the best opportunity to the state and to ITSD to achieve its goal and in the process, you are helping us achieve our goal. Welcome to eastern Montana, welcome to Miles City."

**Robin Hogan**, dentist, shared that in her 1 ½ years' experience in Miles City, she has been undoubtedly pleased by this community and their random acts of kindness. People have come into her office and are grateful to her for providing her service in the community. Ms. Hogan concluded by pointing out the wonderful cross-section of the city, young, old, from professional support to political support. "Everyone wants this center here, she said, "I think you will be grateful if you choose Miles City."

**John Menyhart**, W.A. Mitchell Agency and former employee of Qwest talked about the advantage of living in Miles City, their ability to automate and look for telecommunication services that would add to that. He made the decision to promote use of the Internet in his business. Qwest did not provide high speed Internet in town. Mid-Rivers was called and his business was the first to go on DSL. He uses an online system, so he relies on Mid-Rivers to provide that Internet service. Data backup is in Texas. For

quality of life, Mr. Menyhart also shared that places like the 600 Café and other coffee shops are great places, that the golf course is one of the loveliest in the state; that the quality of life in people here that are incredibly supportive and friendly. He pointed out that Miles City has not grown since 1950. "Help us with that economic growth," he said. "We don't see that kind of growth here. This is a big deal for Miles City. We strongly support this project."

**Jeff Harding**, citizen of Miles City, agreed with John Laney, who had said, "We'd go to battle with anybody, but we like to know the rules of the game," Mr. Harding stated, "We feel the rules have changed in the middle of the game and that's been hard for us. The Chamber and their team have done an admirable job. I hope this decision, as it goes through the process, actually goes through an economic decision making process and doesn't just turn into a political football, the way it appears to some."

**Jack Nesbit**, Custer County Commissioner, said, "Building a data center in Miles City is a great opportunity for us. Various companies would like to come here and do things with IT. At this point, the opportunity far exceeds what people can imagine. Just the presence of this facility in Miles City would send a powerful message to these companies that are looking at coming to Miles City. I'm told that points in sports are shaved all the time. The points you came up with here are so close with Billings, why not throw Miles City a bone? We will not disappoint you."

**Eugene Banky**, citizen of Miles City, said that he raised 4 sons who went through the education and college system and ended up going out of state. "Availability of prime jobs that Miles City needs is not available because down the line, Billings took the first step on separating itself from eastern Montana," shared Mr. Banky. "Now, when it comes up with the development of eastern Montana, they (Billings) decide they are again part of eastern Montana. The primary responsibility of state government is to develop Montana. Help us develop eastern Montana so our kids use their educations here."

Mike Boyer summarized by saying, "A number of heartfelt and valid criticisms have been expressed about the process. There is no established process for selecting the site in state government. We've had to invent it as we've gone along. Normally, proposals for construction are usually part of a master plan. This was a wide open thing. We want to keep in the spirit of the legislation. We don't want to see small communities dry up and blow away. We want to be fair and make the right decisions for the right reasons. We perhaps needed more definition. We will take back these comments tonight and you will see changes reflected in some of the numbers in the process. We have heard what you have had to say. The decision will not be made by sheer number of comments, but we do want to give everyone an opportunity to share."

**Representative Dave Kasten** added, "As we went through this process, we talked about eastern Montana. Billings never was in my mind. The reason these IT projects were brought before my committee is we have ongoing projects and it's very possible that this will be an ongoing process. I'm planning on being there as Chairman of the Long Range Planning Committee next year and I just want the people who are making this decision to know that I did not feel that Billings was considered; we did not talk about a hearing process, we were talking about a location in eastern Montana. I think that should be on the record and I will definitely be watching this."

ESSC PUBLIC PARTICIPATION MEETING  
**BILLINGS**  
Thursday, January 10, 2008

There will be an operations center in Helena with around-the-clock monitoring. Minimal staff (2-5) will be in eastern Montana. As we gain experience, we could see the potential for redistribution of staff, but there will not be a big influx of staff. **Senator Kim Gillam** asked, "Do you anticipate travel for people from Helena to check on things?" Mike replied that a lot of things will be done "over the wire". System installs and major things like that will require travel. But people located in the eastern site will have the ability to take care of many things on their own.

Availability of a technical workforce and training are important. Is there training available? This is more important than having the technical workforce right there.

**Someone asked**, "How was determination made for training resources?" She was puzzled because Miles City scored higher than Billings. Mike explained that the President of Miles Community College had specifically stepped forward and stated that they would tailor their programs to the needs of the project; that scored them higher. She had asked, "How can we train local folks that you will need in the future?"

**Someone else asked**, "Who determines the weighting factor?" Mike explained that several people on the team met with Dick Clark and the Budget Office and everyone seemed to feel that these made sense. Mike was told to bring back comments and suggestions about the weightings and see if they need to be adjusted. Jim Reno asked, "Specific to training, did you do diligence and see what Miles Community College specifically has in training?" Mike responded, "No, we haven't researched it deeply yet."

**Another question** was, "Regarding the covenants section, what went into the logic of this?" Mike shared that there are different covenants in different areas. For instance, certain covenants require a large percent of brick or stone rather than somewhere else where you can have a more austere exterior.

**A gentleman asked**, "Are you going to go back through and recalibrate this after getting things from all these meetings?" Mike said, "We will be taking comments and concerns back to the Chief Information Officer and discuss whether we should be doing something different. A decision will be made by the decision maker."

Regarding security, are there barriers to control access to the site? Mike shared that the Transtech Center, for example, has irrigation ditches that provide a natural moat to prevent terrorist attacks. Forsyth has some great ravines. Improvements would include being inside fencing that's already there, like in Miles City. **Al Jones**, Chamber of Commerce and former member of the American Society for Industrial Security, who has done a lot of security design, questioned the security factor, pointing out that several federal agencies are based in Billings (150 trained in counter terrorism) plus police and sheriff and fire services." Mike shared civil infrastructure considerations, "Overhead power lines, buried pipelines, setback from major freeways or roads, railroads, airport vulnerabilities. We don't want to have a railroad line nearby carrying toxic chemicals that might derail. We want to minimize those kinds of risks as much as we can. It turned out that in this instance, Miles City scored somewhat better than the other sites in this area."

Mike continued, "The Infrastructure section is not so much about the cost aspect as availability. We want diverse fiber routes. We want to be in a situation where one misplaced backhoe doesn't take out everything. We want it going around in different routes. We need to provide two bundles of fibers going through separate conduit and hopefully out opposite sides of town. Multiple vendors are important. Contracts come and go, so the state needs best bids over time; we need competition for the

business. On telecommunications, we get this connectivity from providers; the state does not have its own infrastructure. We get wide area networking from providers. Electrical service is from local providers, although we have generators to help offset trouble with power. Service from multiple grids or access to multiple substations is scored importantly.”

**Debbie Singer**, NorthWestern Energy, spoke of the limited access to the DC tie across grids. She stated that in the event of a major outage in the Midwest grid, the western grid would not be able to bring up power, so she does not see that as an advantage. However, in a major outage in western Montana, the ability to isolate and have the power brought up is a major advantage. She felt that Billings should score higher than Miles City because of their major transmission lines. The western grid cannot bring up the Midwest grid.

**Terry Thomas**, Transtech Center, said that they met with NorthWestern Energy to analyze the Transtech Center. “Not only is there fiber, but power in that area and there are 2 substations adjacent to the Transtech Center. You would have access to this and that’s important to point out.”, he stated.

**Al Jones** shared, “If power is down, you have far more repair technicians here in Billings in a disaster.”

Mike continued, “Economic development & benefits – how do we get state network out to other communities beyond than the communities we are in? Smaller communities would benefit more. We don’t see a lot more circuitry than what we have now, existing contracts or what communities already have available. We don’t see people having to plow in more fiber. Community economic development or establishment of a technology-friendly environment has more impact on small communities. The opportunity to create that environment is tempered and needs to be addressed.

Recurring costs is a concern. If we are building a critical environment, we felt we needed the same level of support from vendors as we have in Helena. Staggering costs were seen. We’re looking at a building with Tier 3 compliance. The statistical probability of having both sites down is infinitesimal. Accordingly, we took that cost out of the equation for smaller communities. The paradox of that is that having positioned those IBM or HP people in that community, they would have been able to stimulate that environment. The flip side is that a non-Montana business might be attracted to the community.”

**Vern Shoots**, City of Billings, City Council asked, “Will weight be 10 if it is minimal?” Mike replied, “It becomes minimal in terms of its weighted score.

**Jim Reno**, Yellowstone County Commissioner, questioned why electrical circuits have a weight of 7 while job economic development has a weight of 10 for only 2 people. Mike explained that it is 7 because we can mitigate this risk because of redundant generators; we have more control of that area.

**Representative Ken Peterson**, House District 46, asked, “Regarding the percent score lines – percents assigned to economic development - Miles City 36, Billings 3, Forsyth 23 - what does that mean, because results points are significant.” Mike explained that it means that based upon the potential highest weighted score you can receive, which happened to be 300 in this case, if there was one alternative, you get a proportionate number on the score.

**Linda Beck**, Big Sky EDA, spoke of a stimulating, enhanced technical environment in Billings. “We can quibble over numbers, but zero for Billings is not correct. We could attract data centers here more than Miles City or Forsyth”, she pointed out.

**Commissioner Reno** thought the economic development weight of 300 seemed out of balance with the critical issue of infrastructure. Mike explained that the way the scoring played out, all sites got 8,000 or more points. Economic development got 3600. It’s the way the weighting played out. Mike reiterated that there is no perfect process here, but he will take all comments into consideration.

**Jerry Thomas**, Transtech Center, shared that the Transtech Center is being developed and recruiting business needing high security in maintaining and transferring data. "We have signed a company in a data center that they are constructing here and that will be starting soon. It is our intent to attract businesses of that kind and it has been successful. If the idea of attracting common businesses is important to the State in having economies of scale as you develop infrastructure, it should score very high. Struggles with economic development benefits, when weighted with economic recipient of jobs, you can weigh the economic benefit that way, but you shouldn't ignore the impact of the community sending tax dollars to the State to do that. To not give any weight to that is a terrible mistake. Look at what the community is funding."

**David Watterson**, IT Director for the City of Billings stated, "As you go through each of the spreadsheets, all points are weighted towards objectives that you set out in the beginning of the project. Although economic development is important, it was not even stated as an objective to boost economic development, yet it's weighted very high. Mike pointed out that if we look at the Montana Information Act, it specifically states that it is the responsibility of the Department of Administration to use information technology for the betterment of Montana as a whole. This was not an economic development bill, but we need it to consider economic impact in decisions such as this."

**Mike Sheard**, iConnect Montana, stated that there is lots of building going on in Billings. He added, "Billings has a real opportunity to become a magnet for data centers. Should it be weighted differently? I don't know."

**Ken Peterson** added that it looks like costs are significantly different; less than the other two towns.

**Debbie Singer** spoke about economic development, pointing out that creating jobs is one part, but having a community able to retain companies that are able to make a living there is the other part. "We want them to stay," she said, "Do the other communities have enough other critical business mass to retain these businesses?" Someone else added that there is a critical mass in Billings, which is good for clustering.

Mike went on to talk about telecommunication costs, pointing out that some costs have not been reflected in here yet. "We used 3 sources for getting a planning estimate, not quotes or bids, these were from providers on what costs are likely to be. We received information from Mid-Rivers, a local provider to Miles City; Range Telephone in the Forsyth area, and we are in the process of completing an RFP for Statewide Transport Services between Helena and Billings. From that point on, we've had a couple of adjustments from independent telephone companies, which has allowed us to narrow the gap. Telecommunication costs are a major factor in a project like this. We're confident that those providers have given us good faith numbers. Bandwidth, size of pipes to put in, distances, and amount of infrastructure a company has, are major factors in these estimates."

**Senator Jeff Essmann**, District 28, stated, "In preparation for tonight, I printed out the last email I had which had cost differentials to Billings. Four days later, this new report shows that Mid-Rivers found \$400,000 and adjusted their price. Are you going to let them do that again?" Mike shared that this was made available by the local rep in that community. Mid-Rivers wanted to tie into the RFP for connectivity, so rather than create their own separate infrastructure back to Helena, they would tie into Billings and thereby eliminate a lot of their costs. Senator Essmann added, "This report is based on a 5-year site cost, but use of life of this building would be longer than 5 years. If we took it to a 10-year time frame, Billings still has a \$3.5 million advantage. Distance comes into play and there is a legitimate cost associated with it."

**Someone asked** about the providers. Mike shared that the state feels that these providers are high quality providers. We need diverse routes. If one switch fails, the other would pick up the load. Our specs put in the redundancy so we avoid liabilities in catastrophic events. Sprint and Bell have redundancy. Mike stated that to connect these two data centers, we're asking for a 10 Gig primary

circuit, with a backup circuit to provide redundancy, that's a 2½ Gig circuit coming out of the back of the building, both diverse and redundant. The last circuit is a back haul circuit.

Capital costs differentials – property purchase. Miles City and Forsyth already have public property available. In purchasing land near the Transtech Center, we made an assumption of \$10/square foot to arrive at the Billings number. Other numbers are telecommunication install costs to bring fiber into the site. Forsyth numbers will be changing. Because of land purchase, it's more costly to locate in Billings. Smaller communities are bigger winners in this area.

Because budgets are a concern, we put more weight on capital costs. **Someone asked**, "Wouldn't operating costs weigh the same as capital costs?" Recurring costs were weighted double the capital costs. Smaller communities say we're putting too much emphasis on recurring costs. Telecommunication costs are the big cost. Day-to-day operating costs will be similar between sites. Vendor service contract costs are included in recurring costs. Switch equipment costs are included; change in local circuits in communities would be included. Clearly, recurring costs are in Billings' favor.

**Ted White**, Bresnan, talked about the Points Summary, stating, "When you fix the economic development number, Billings will look better. With the university here, we already have a curriculum developed, are already doing it, and have the level of individuals needed. With the structure we have, with the businesses we have, with IT, we have a bigger pool to draw more."

Mike told everyone that there is no legislation, no process in how to select sites. We want to hear your perspective so we can make the best decision.

**Tina Volek, City Administrator** for Billings, pointed out, "It's significant to look around and see everyone represented here and know that this is important to us. We are pleased to learn we have the most significant numbers." She reiterated that Senator Essmann had raised the issue of Mid-Rivers changing the RFP, stating, "We want to be kept abreast of how the points are doing and we want a chance to comment in the future. What is the timetable and what are the next steps?" Mike told everyone that the comments from all sources (meetings, emails, etc.) will be gathered, transcribed, and delivered to Dick Clark. Our objective is to have a decision as close to February 1, 2008, as possible. This is motivated by our trying to stay on schedule, allowing us to make progress in the 2008 building season to move this forward. As for points setting, we expect to see the points settle out, based on the comments we receive. The deadline for submitting comments is January 18. Ms. Volek asked if the comments will be made public and Mike responded that they would.

**Commissioner Reno** stated, "At the end of the day, we will all go home and the world will go on. There is not a person in this room that doesn't want this state to have a solid, redundant system. It's important to ensure that we have a business plan in place so citizens feel comfortable that when you push the button, something will happen. (Helena) do the right thing."

**Senator Essmann** complimented the project team, stating that based on the results of tonight, we have a process that is far more open to discussion and criticism than in October when we first met. 1. In terms of work product and the spreadsheet, he pointed out that Billings leads in 3 of the 6 rating categories. With adjustments, he thought they could lead in four. 2. In terms of the recurring costs analysis, he felt the time frame is too short; this is not a 5-year project, it goes on much longer. 3. In terms of the issue raised in the October meeting, expense to tax payers is the primary point. Senator Essmann summarized by saying, "There would be an annual cost savings of \$350,000 by locating this site in Billings. Over 10 years, that's a savings of \$3 ½ million. For the State to waste that money by putting the center in another site, increasing cost to taxpayers by \$3½ million, would be very irresponsible. I hope the administration will factor those additional costs into their process."

**A lady representing the Heights**, works for MSU, asked who would make the final decision and Mike replied that Dick Clark, State CIO, along with the Budget Office, will make the final decision. She



added that the training capabilities are far greater in Billings than what was reflected. With MSU, Rocky Mountain College, and trainers in the area, she felt that Billings has a greater, deeper training pool than might be available in Miles City.

**David Watterson**, IT Manager for the City of Billings stated, "Along the lines of education, the state and the City of Billings and the county have co-existed in a data center for many years. Through that, we have used cooperative assistance between our staffs to maintain quality service for both our systems. Having the site located in Billings, we feel the center will further our opportunity to continue to develop and enhance that relationship. The City of Billings is committed to providing quality service, cost effective public service, and quality of life. Non-interrupted service is important. Having staff the size of the Billings IT staff, along with the high quality county staff, having on-site people who are familiar with the state infrastructure being able to assist the state, is valuable. Cooperative assistance exists in these communities."

**Mike Sheard**, iConnect Montana, shared about building a 30,000 sq. ft. Tier 3 data center, stating, "We can help the State avoid any funds from HB4. We allow companies to come on our site and pay us; we share the cost among customers in maintaining the generators. We look out for the taxpayers. We can save the State a lot of money. It's worth looking at." Mr. Sheard will provide this information in written format before January 18.

**Gary Branae**, House District 54, stated, "We realize that this state is moving forward. Our community is in the forefront in leading that. Take advantage of what we have to offer--resources, potential to develop--we would do taxpayers a great service."

**Linda Moss**, Senate District 26, shared, "You were assigned an almost impossible task, trying to balance communities that are not peers. I'm somewhat saddened that we're competing with smaller towns in our regional economy. Perhaps you can take back to Helena that if you have a similar type of project in the future, that there is an opportunity to look at peer communities in the region. Find a way to include industry experts; that should be factored into this. Billings has human and infrastructure resources to support a project like this."

**Jerry Thomas** added on the fact that there are other data centers in Billings, stating, "We find that they are not only looking to house equipment and minimal staff, but looking at sites where they can move more people and equipment in, and do it immediately with a community to support them, and that is a tremendous asset. This should be a weight factor. If you have a catastrophic loss, you need to get people there. How do they get capacity to have people in other areas to address those losses?"

**Al Jones**, regarding operations costs, asked how far repair techs will be coming. With providers like IBM and Dell, typically \$150 an hour is added on the further they have to drive for a breakdown. What does it cost to provide premium level of response? What if it were a 4-hour response instead of 2? Mike replied, "IBM and Dell would support you at no incremental cost. They would absorb the cost because of our huge contracts."

## ESSC VOICE MAIL MESSAGES

Received on Tues., Jan. 8, 2008, at 11:46 a.m.

“Hello, I am responding to the possibility of the state moving to a second data center to either Forsyth or Billings or Miles City. This is Eric Lehti. My cell phone is xxx and although I live in Tulsa, Oklahoma, and left Montana when I was 18, I’m calling on this case. I was pleased to see this in the Forsyth newspaper. I grew up 12 miles east at Rosebud and so I think either Forsyth or Miles City would be good locations. I have 20 some years in IT and have experienced running high availability and disaster recovery situations myself. I work on the IBM mid-range set of computers primarily, but also Windows, so that is the IBM i series or IBM System i. Don’t know if the state of Montana uses very many of those. Anyway, it’s good to see that Forsyth is in the running possibly and I hope they get it.”

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Received on Fri., Jan. 18, 2008, at 4:50 p.m.

Hi, my name is Mike Sheard. I’m the CEO of iConnect Montana. I just sent in some written comments and I just wanted to make sure that, just in case they didn’t get in, I would also record a verbal message.

(Mike’s written comments have been received, so this voice message was not transcribed.)